Office of the City Attorney Roger A. Lubovich, City Attorney

Tel 360-473-2345 Fax 360-473-5161 239 4th Street Bremerton, WA 98337

April 17, 2003

Ronda Sterley BRC Incorporated P.O. Box 2330, Buckley, WA 98321

Dear Ms. Sterley:

I am writing this letter to outline the City of Bremerton's position with respect to your request to forego the bond required under the terms of the Contract that BRC Incorporated (BRC) entered into with the City for the abatement work to be performed on the Sesko property.

Instead of requiring BRC to obtain the bond as required under Chapter 39.08 RCW and the contract, the City will agree to withhold fifty percent (50%) of the contract payments, as a substitute for the bond, until 60 days after completion of the job. At that time, if there are no claims made against the funds, the remainder of the money owed under the contract will be sent to BRC. If there are claims, the portion withheld by the City will be held until the claims are resolved.

I am faxing this letter to your office. If you agree to this modification, please sign below and fax this letter back to me. Once this has been completed you may consider this letter to be your "Notice to Proceed" under the contract. Please call me if you have any questions.

Sincerely,

Simon Stocker, Assistant City Attorney

AGREED AND APPROVED: BRC INCORPORATED

Ronda Sterley
Its: President